

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3641-01
Bill No.: HB 1455
Subject: Retirement – State; Retirement Systems and Benefits – General; State Employees
Type: Original
Date: February 7, 2002

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON STATE FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2003 | FY 2004 | FY 2005 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> State Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2003 | FY 2004 | FY 2005 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2003 | FY 2004 | FY 2005 |
| Local Government | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

The **Joint Committee on Public Employee Retirement** indicates that this legislation does not represent a “substantial proposed change” in future plan benefits as defined in Section 105.660(5), and, as such, an actuarial cost statement is not required.

Officials with the **Missouri Highway and Transportation Employees and Highway Patrol Retirement System (HRS)** assume that under the current BackDROP statute, retiring individuals must accept the full number of months (as lump sum) for which they qualify. However, the proposed legislation would allow individuals to select a retroactive starting date that yields BackDROP periods in twelve-month (or maximum qualifying months) increments. HRS’s actuary has advised that the proposal is cost-neutral. Accordingly, passage of the legislation is not expected to significantly alter the rates of election into retirement and bares no fiscal impact.

The **Missouri State Employees Retirement System (MOSERS)** assume the proposal carries no fiscal impact to the retirement system.

| <u>FISCAL IMPACT - State Government</u> | FY 2003 | FY 2004 | FY 2005 |
|---|------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| <u>FISCAL IMPACT - Local Government</u> | FY 2003 | FY 2004 | FY 2005 |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

Under current law, a retired employee electing to retire under the deferred retirement option must elect to take the entire amount of eligible service. This proposal allows the retiree to elect to take any portion of the eligible service in 12-month increments. The proposal contains an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not
DESCRIPTION (continued)

require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement
Missouri State Employees Retirement System
State Highway Employees and Patrol Retirement System

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Acting Director
February 7, 2002